



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: August 1, 2001 REPORT NO. 01-167

ATTENTION: Honorable Mayor and City Council
Docket of August 7, 2001

SUBJECT: RANCHO ENCANTADA PRECISE PLAN, SYCAMORE ESTATES,
AND MONTECITO. COUNCIL DISTRICT 7. PROCESS FIVE.

REFERENCE: Report to the Planning Commission No. P-99-191 - Initiation of the
Rancho Encantada Precise Plan, dated November 24, 1999; Report to the
Planning Commission No. P-00-074 - Workshop of April 20, 2000.
Planning Commission Workshop of May 18, 2000. Report to the Planning
Commission No. P-01-124 - Planning Commission Hearing of July 19,
2001.

OWNER/
APPLICANT: Sycamore Estates, L.L.C.

SUMMARY

Issues - Should the City Council approve the Rancho Encantada Precise Plan, and the associated sub-projects Sycamore Estates and Montecito?

Manager's Recommendation:

1. Certify Environmental Impact Report LDR No. 99-1094; Adopt the Mitigation, Monitoring, and Reporting Program; Adopt the Findings and Statement of Overriding Considerations;
2. Approve the Rancho Encantada Precise Plan, including amendments to the City's Progress Guide and General Plan;
3. Approve the Sycamore Estates project which includes a Vesting Tentative Map (VTM), Rezone, Planned Residential Development Permit (PRD), Resource Protection Ordinance Permit (RPO), and Street Vacation No. 99-0899;
4. Approve the Montecito project which includes a VTM, PRD, RPO, and Street Vacation No. 99-0295;
6. Approve an Agreement between the City of San Diego and Sycamore Estates, L.L.C., which implements the extraordinary benefits provisions from the

Development Agreement between the City of San Diego and General Dynamics Properties, Inc., Document Number 1998-0281642.

Planning Commission Recommendation - On July 19, 2001, the Planning Commission voted unanimously (5-0) to recommend approval of the Manager's recommendation, with the following provisions:

- A. Beeler Canyon Road shall be gated for emergency access only. The project's "B" street will be a cul-de-sac at the intersection with Beeler Canyon Road.
- B. Extraordinary benefits provided through the "Big 5" agreement (see Exhibit A) shall be part of the project. The agreement should be signed by the applicant, and incorporated into the EIR's Statement of Overriding Considerations, as well as the Rancho Encantada Precise Plan.
- C. The project shall implement the "gravity sewer" option. Any required sewer maintenance roads shall be designed as trails, and should be maintained to minimize and/or preclude adverse impacts on the environment.
- D. Request that the City Council consider making operating funds available for the additional 6-acre improved/active park in order to have the park be in City ownership as opposed to ownership by a Home Owners Association.
- E. Look at the possibility of moving Planning Area 11 further west away from the existing drainage area if feasible without impacting the development proposal.
- F. Recommend that the applicant work with MTDB to provide shuttle service through the community, as feasible.

Community Planning Group Recommendation - The Miramar Ranch North Planning Committee, the Scripps Ranch Planning Group, the Scripps Ranch Civic Association, the Scripps Ranch Recreation Council, and Save Our Scripps (SOS) Ranch have recommended approval of the Rancho Encantada project with the "Big 5" agreement (see Exhibit A).

Environmental Impact - Final Environmental Impact Report (EIR) No. 99-1094 has been prepared for this project. The project proposes to incorporate a Mitigation, Monitoring, and Reporting Program to reduce all identified significant direct impacts to below a level of significance, except for direct land use (Industrial Element inconsistency), visual quality/landform alteration, and transportation impacts. No mitigation measures exist to reduce direct land use impacts, while visual quality/landform alteration and transportation impacts will be partially mitigated, as no feasible measures are available to fully reduce these impacts. The project's incremental contribution to cumulatively significant impacts associated with visual quality/landform alteration, biological resources (loss of non-native grassland), hydrology/water quality, transportation, air quality, paleontological resources, landfill capacity, water conservation, and mineral resources will be reduced by the Mitigation, Monitoring, and Reporting Program, but cannot be fully mitigated at the project level.

Fiscal Impact - A portion of the Sycamore Estates sub-project site is currently controlled by the terms and conditions of a 1997 Development Agreement between the City and General Dynamics. A new agreement between the City of San Diego and Sycamore Estates, L.L.C. will obligate the developer to convey 1,568-acres of park land to the City for the expansion of Mission Trails Park, to add new MHPA land to the City's MSCP

Preserve, to establish an endowment trust fund for long-term maintenance of conserved property within Sycamore Estates, and to make a cash payment to the City for the purpose of funding improvements to Mission Trails Park and within the Kearny Mesa community. A discussion of the Agreement is included on page 5 of this report, and the Agreement is included as Attachment 15 under separate cover.

In addition, the "Big 5" agreement requires the developer to provide a wide variety of public improvements and additional funding for public facilities valued at over \$5 million.

Code Enforcement Impact - None.

Housing Affordability Impact - The Sycamore Estates property is located within the City's Future Urbanizing Area (FUA) and the project will be developed in accordance with the City's PRD requirements for the FUA. One of the PRD conditions for the FUA requires all projects to provide housing for low-income families. This affordable housing condition requires that the applicant provide no less than one-hundred and six (106) units for occupancy by families earning no more than 65 percent of median area income at rental rates affordable at 30 percent of 60 percent of the median area income. The developer will be utilizing the provision of the density bonus within the project to meet the affordable unit set-aside requirement. The developer has worked with staff to formulate an affordable housing program for the project that satisfies the FUA affordable unit requirement. The Sycamore Estates Affordable Housing Program provides for the development of 106 affordable units within the project, on lot 552, the affordable housing site. The affordable housing requirement is contained in the PRD/RPO and Tentative Map Resolution, and the Affordable Housing Program is included in Attachment 10.

BACKGROUND

Rancho Encantada is located in the City of San Diego's Future Urbanizing Area (FUA). The 2,658-acre property is bordered on the north by the City of Poway and on the south by Marine Corps Air Station (MCAS) Miramar. West of the site are the communities of Scripps Miramar Ranch and Miramar Ranch North. The eastern portion of the property borders Goodan Ranch and the Sycamore Canyon County Open Space Preserve (see Attachment 1). Pomerado Road, which abuts the site to the west provides primary access to the site. Beeler Canyon Road, which borders the site to the north, is proposed as a secondary access to Rancho Encantada and is the historical access to the General Dynamics property (see Attachment 2). Interstate 15 is located approximately two miles to the west. This area is the largest undeveloped and unplanned portion of the FUA that is not currently part of a military reservation. The General Dynamics Corporation has historically used portions of the site for missile assembly and other military production.

On March 30, 1999, the City received development applications from the Pacific Land and Investment Company for the Montecito project, a proposed residential subdivision in the western portion of the Rancho Encantada project area. On September 13, 1999 the City received applications from McMillin Homes Incorporated (later Sycamore Estates, LLC) for a residential and industrial development ("Sycamore Estates") on the 2,132-acre site in the eastern portion of the Rancho Encantada project area. (Sycamore Estates, LLC has since purchased the Montecito property from of Pacific Land and Investment Company).

In July and August of 1999, the City received correspondence from the Scripps Ranch Civic Association, Scripps Ranch Planning Group, Miramar Ranch North Planning Committee and

Scripps Ranch Recreation Council requesting that a comprehensive plan for this entire area be prepared. Following a series of meetings with City staff, the applicants agreed to undertake the preparation of a precise plan. The Rancho Encantada Precise Plan was recommended for initiation by the Planning Commission on December 2 and formally initiated by the City Council on December 9, 1999.

Two Planning Commission workshops have been held on the Rancho Encantada project: April 20, 2000 and May 18, 2000. The first workshop provided a status report on the precise plan and affiliated permits, and a discussion of key land use issues, design issues, and public participation. As a result of this workshop, the affordable housing component was relocated to a central "core" area adjacent to the park and school. The Planning Commission discussed the benefit of siting the medium-high density affordable housing adjacent to the school/park site, in order to create a stronger neighborhood center and allow more students to walk to school.

Additionally the workshop focused on suggestions for the creation of quality architectural design guidelines, including street standards, grading design, landscaping and development character. Continued public participation was encouraged and the future possibility of the expansion of an adjacent community planning area was discussed. Because sensitive grading design was paramount to the Commission, a second workshop was scheduled for May 18, 2000 specifically to address grading of the site.

On July 19, 2001, the Planning Commission voted unanimously (5-0) to recommend approval of the Rancho Encantada, Sycamore Estates, and Montecito projects, with six modifications (see Planning Commission Recommendation section above).

The Planning Commission recommended that Beeler Canyon Road be gated for emergency access only, instead of allowing the road to be improved for public access into the project. This recommendation was based largely on testimony provided during the public hearing. Council members from the City of Poway together with several residents who live along Beeler Canyon Road expressed concerns regarding the road's impact on the existing rural character of Beeler Canyon. Because the project's circulation system would function adequately both with or without Beeler Canyon Road, the Planning Commission recommended that the road be closed to all traffic, except emergency vehicles.

One of the overriding considerations the Planning Commission focused on when formulating their recommendation for approval included the "Big 5" agreement (see Exhibit A) between the applicant and five organizations from Scripps Ranch and Miramar Ranch North. Although the project generates several significant environmental impacts, the Planning Commission felt these were at least partially outweighed by the extraordinary public facility and infrastructure improvements offered within the agreement. The Planning Commission's recommendation to approve the project included incorporating the agreement into the EIR's Statement of Overriding Considerations, as well the Rancho Encantada Precise Plan.

One of the extraordinary benefits provided by the "Big 5" agreement includes the conveyance to the City of San Diego of a fully improved 6-acre park. The community's population based park requirements are already being satisfied through the provision of a 4-acre neighborhood park adjacent to the elementary school. City funds necessary to maintain this park would not be available because park requirements have already been satisfied based on City standards for population based parks. Because both the community and the Planning Commission agreed that the park was needed, the Planning Commission recommended that the City Council consider allocating operating funds for the maintenance of this additional 6-acre park, and that it be placed

in City ownership. If City funds do not become available, the park could be owned and maintained by a Home Owners Association.

PROJECT DESCRIPTION

This land development project consists of three components - the Rancho Encantada Precise Plan, the Sycamore Estates project, and the Montecito project (see Attachment 3):

1. Rancho Encantada Precise Plan - This land use policy document will serve as the City of San Diego's long-range plan for the development of the 2,658-acre project site. The Precise Plan proposes 828 single dwelling units, 106 affordable housing units, two institutional sites, an elementary school and adjacent park, and the preservation of over 2,000 acres of open space (80% of the project area). The Precise Plan also provides for utility improvements, the transportation system and street network, a trail system, and architectural, landscaping and lighting design guidelines. The Land Use Plan Map is included in Attachment 4, and the Master Trails Plan is included in Attachment 5. The Rancho Encantada Precise Plan is included in Attachment 16 under separate cover.
2. Sycamore Estates - This project proposes the development of 551 single dwelling units, 106 affordable housing units, a 12-acre elementary school site, a 4-acre neighborhood park site, two institutional sites totaling 13.9 acres, and 11 open space lots totaling 1,498 acres. This project includes a rezone (see Attachment 6) from IL-3-1 (a light-industrial zone) and IH-2-1 (a heavy industrial zone) to AR-1-1 (allows 1 residential unit per ten-acres or one unit per four acres using the PRD cluster option). The project also proposes a Multiple Habitat Planning Area (MHPA) Boundary Adjustment that would remove 35.6 acres of existing MHPA lands and add 383.9 acres of non-MHPA lands into the MHPA (see Attachment 7).
3. Montecito - Proposes the development of 277 single dwelling units, the creation of 36 open space lots totaling 125 acres, and the preservation of one 1.7-acre lot to accommodate an existing on-site residence. There is no affordable housing requirement for the Montecito project.

Agreement between the City of San Diego and Sycamore Estates L.L.C.:

Conveyance of Park Land - A portion of the Sycamore Estates sub-project site is currently controlled by the terms and conditions of a Development Agreement between the City and General Dynamics. A new agreement (see Attachment 15 under separate cover) between the City of San Diego and the owner of the Sycamore Estates sub-project is proposed to modify the obligations of the City and Sycamore Estates with respect to the Development Agreement. The new agreement provides for a substitution and enhancement of extraordinary benefits originally bargained for in the Development Agreement. Specifically, the new agreement would obligate Sycamore Estates to convey 1,568 acres to the City of San Diego to be added to Mission Trails Park. This land conveyance is comprised of the following three components:

- A. 1,150-acres of real property which currently is planned as open space;
- B. 50-acres of real property with existing industrial uses associated with the land. 35,000 square-feet of existing buildings existing within this 50-acre industrial area will also be available for City use either through retention, remodeling, construction and/or removal;

- C. 368-acres of real property within the development area of Rancho Encantada which will be set aside and added to the City's MHPA.

Endowment Trust Fund - An endowment trust fund for long-term maintenance of this conserved property within Sycamore Estates would also be established. The endowment fund would be an initial contribution of \$250,000 by Sycamore Estates to create the endowment funds' corpus. The endowment fund's earnings would be used for long term maintenance of the conserved property. An additional \$15,000 will be provided by Sycamore Estates for the initial/first year maintenance of the conserved property.

Cash Payment - Four incremental cash payments of \$550,000 totaling \$2.2 million will be granted over time by Sycamore Estates to the City for the purpose of funding improvements to Mission Trails Park and for use within the Kearny Mesa community. 80% of the \$2.2 million will be allocated for Mission Trails Park improvements and 20% of the \$2.2 million will be made available for use within the Kearny Mesa community. The eastern portion of Sycamore Estates was the subject of a previous conservation agreement. The Rancho Encantada project will cause that acreage to be preserved as open space consistent with the MSCP.

Public Facilities Financing Plan:

A new Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment is proposed in conjunction with this project, and is included as a companion item under separate cover. This PFFP sets forth the major public facilities that will be needed during the ultimate buildout of the community. Many of the required public improvements will be directly funded through the subdivision process. The Rancho Encantada PFFP is the mechanism for all remaining public facilities. Through the PFFP Rancho Encantada will fund a number of off-site transportation mitigation improvements to benefit adjacent communities and Interstate 15. These improvements will be assured by permit and bond prior to the recordation of the first final map.

Public Input and Participation:

Public participation has been instrumental to the design of the Rancho Encantada project. A subcommittee, consisting of members of the Scripps Ranch and Miramar Ranch North community planning groups was formed in July of 1999 to work with City staff and the project applicants on development of the Rancho Encantada Precise Plan. The subcommittee has met with the applicants numerous times over the last two years (See Attachment 8).

Five representative groups from the Scripps Ranch area have formed a committee to provide a community voice regarding the development of Rancho Encantada. The five representative groups include the Scripps Ranch Planning Group, Miramar Ranch North Planning Committee, Scripps Ranch Recreation Council, Scripps Ranch Civic Association, and Save Our Scripps Ranch. This committee is referred to as the "Big 5."

The community-planning groups have provided monthly agenda items to discuss the status of the project and to review key issues. City of San Diego staff have been in contact with staff from the City of Poway to review traffic assumptions, access considerations, and the provision of public services. City of Poway staff typically attended many of the aforementioned subcommittee meetings. Traffic and access issues have also been reviewed with the Marine Corps, as the United States Navy and Marine Corps Air Station Miramar (MCAS) are currently evaluating alternative sites for new military housing on MCAS Miramar.

The applicant has been openly engaged in discussions with representatives of each of the “Big 5” groups within the greater Scripps Ranch area. These discussions resulted in the applicant agreeing to a variety of project revisions, the provision of public facilities, and additional mitigation obligations.

DISCUSSION OF ISSUES

Traffic Impacts and Mitigation:

The Rancho Encantada project will generate direct and cumulative traffic impacts on various roadways in the community. The project will add an estimated 10,548 average daily trips (ADT) to the local roadway system, including roadway segments and intersections that will operate at level of service E or F, with or without the addition of project traffic. In this regard, the project would result in significant cumulative traffic impacts.

Both direct and cumulative traffic impacts however, will be mitigated through implementation of specific traffic improvements identified in the EIR (see Attachment 9). The project is required to provide roadway improvements on Pomerado Road, Stonemill Drive, Scripps Poway Parkway, Spring Canyon Road, the northbound I-15 off-ramp at Pomerado Road, and the southbound auxiliary lane on I-15 from Mira Mesa Boulevard to Miramar Way. Except for direct and cumulative impacts on Pomerado Road, transportation impacts will be reduced to below a level of significance.

Existing ADT volumes on Pomerado Road in the vicinity of the project site range from approximately 9,400 to 29,500 ADT. The City of San Diego, at the recommendation of the Scripps Ranch Community Planning Group, reclassified Pomerado Road from a four-lane major to its current two-lane configuration. This reclassification was approved with the understanding that the projected traffic volumes for the two-lane road would exceed the design capacity of the roadway, causing congestion at four intersections.

Housing vs. Industrial Development:

As part of the Sycamore Estates project, property would be rezoned from Light and Heavy Industrial (IL-3-1 and IH-2-1) to Agricultural-Residential (AR-1-1). The proposed rezone would not be consistent with the Industrial Element of the General Plan that calls for the protection of manufacturing lands from encroachment by non-manufacturing uses. Inconsistency with the Industrial Element is regarded as a significant land use impact.

The Sycamore Estates portion of the planning area could arguably have been developed as an industrial park instead of housing, since the majority of the area is currently zoned for industrial use. However, the Sycamore Estates property is limited by environmental constraints, including MSCP preserve area and rugged topography. Further, access to the site is limited, with primary access from the two-lane Pomerado Road, and secondary access from the rural, two-lane Beeler Canyon/Creek Road. Additional access through the Poway Industrial Park may be physically possible, although environmentally challenging. To date this potential access opportunity has been rejected by the City of Poway. The grading necessary to accommodate industrial pads would be significantly greater than that needed for a residential community.

City of San Diego staff have completed an analysis of the San Diego Region Employment Land Inventory & Market Analysis prepared by SANDAG and EDC. Due to the aforementioned site constraints, City staff have concluded that the Sycamore property is appropriately coded as “Vacant Unmarketable” (i.e. vacant employment land not designated as constrained by local policy, but unmarketable for employment development because of steep slopes or other physical constraints.)

Finally, the need for housing is perhaps equally compelling as the need for employment lands within the San Diego region. An increase in the number of residential homes available in the City of San Diego is vital to meet the growth demands in the City. The project would provide 936 new residences, including 830 single-family homes and 106 affordable multi-family housing units.

CONCLUSION:

City staff have worked with the applicant and surrounding communities over the past two years, and have formulated a recommendation for approval of the project for a variety of reasons, including but not limited to the following:

The project is consistent with Council Policy 600-29, which was enacted to avoid premature urbanization, to conserve open space and natural environmental features, and to protect the fiscal resources of the City by precluding costly sprawl and/or leapfrog urban development. The Project is also consistent with Council Policy 600-40 in that the proposed Precise Plan has been designed to remain consistent with contiguous open space systems and to preserve sensitive environmental resources in open space.

The Rancho Encantada project proposes a very low density residential development (0.37 units/acre) that preserves extremely large areas (approximately 1,989 acres) as open space. The Montecito project preserves 57 percent of its gross acreage as open space, and the Sycamore Estates project allocates 80 percent of its acreage as open space. The preserved open space areas will be consistent with contiguous open space systems to the east in the Sycamore Canyon County Open Space Preserve. Two wildlife corridors will be preserved on the project site which will provide significant improvements over the existing MHPA for wildlife movements.

The project will also provide an extension of and improvements to the public trails system. Proposed trails will connect with trails on the adjacent Sycamore Canyon County Open Space Preserve, and to trails in the City of Poway (see Attachment 5). The project will contribute to the City's public park inventory by conveying to the City an on-site park consisting of 4-net acres . The project will also provide a 12-acre elementary school site and two institutional sites totaling 13.9 acres.

The Project is consistent with the Housing Element by providing housing opportunities in the northeast portion of the City. An increase in the number of residential homes available in the City of San Diego is vital to meet existing and future growth demands. The project would provide 934 new residences, including 828 single-family homes and 106 affordable multi-family units (see Attachment 10). The development of affordable housing on the site would contribute to the City of San Diego's share of meeting regional inclusionary housing needs.

A new agreement between the City of San Diego and Sycamore Estates, L.L.C. will obligate the developer to convey 1,568-acres of park land to the City for the expansion of Mission Trails Park, to add new MHPA land to the City's MSCP Preserve, to establish an endowment trust fund for long-term maintenance of conserved property within Sycamore Estates, and to make a cash payment to the City for the purpose of funding improvements to Mission Trails Park and within the Kearny Mesa community.

Finally, in conjunction with negotiations with the "Big 5" community planning groups in the region, Sycamore Estates, L.L.C. has offered an additional list of extraordinary benefits (see Exhibit A) that the City of San Diego could not otherwise obtain through the land development approval process. These extraordinary benefits include but are not limited to the following:

1. \$3 million for I-15 main lane improvements between Miramar Way and Scripps Poway Parkway;
2. An additional six-acre turn key park with \$1.5 million in park improvements;
3. A \$102,800 Scripps Ranch Library materials endowment;
4. A \$35,000 contribution towards the Scripps Ranch Library stairway;
5. \$750,000 for additional Spring Canyon Road improvements;
6. \$250,000 into the Scripps Ranch Public Facilities Financing Plan.

Respectfully submitted,

Tina P. Christiansen, A.I.A.
Development Services Director

S. Gail Goldberg, AICP
Planning Director

Approved: George I. Loveland
Senior Deputy City Manager

CHRISTIANSEN/MJW:

Note: The attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachments: Exhibit A - "Big 5" Agreement.

1. Aerial Vicinity Map.
2. Freeway Access & Project Circulation.
3. Rancho Encantada Site Plan.
4. Land Use Plan.
5. Master Trails Plan.
6. Rezone map.
7. MHPA Boundary Adjustment Map.
8. Community Participation Exhibit.
9. Traffic mitigation measures.
10. Affordable Housing Program.
11. Draft Montecito Permit and Permit Resolution.
12. Draft Sycamore Estates Permit and Permit Resolution.
13. Draft Montecito Tentative Map Resolution.
14. Draft Sycamore Estates Tentative Map Resolution.
15. New Agreement between the City of San Diego and Sycamore Estates L.L.C. (under separate cover).
16. Draft Rancho Encantada Precise Plan (under separate cover).